

ELEMENTARY AND SECONDARY BUDGET SUMMARY HOUSE BILL 267 AS AMENDED BY HB 497

SEEK:

The Enacted Budget provides funding for a SEEK base of \$3445, up from the current base of \$3240. Additional funding was provided to fund the increase in enrollment for the current year. A new weight of 7.5% is added for Limited English Proficiency (LEP), providing funding of approximately \$2.9 million. Local districts are required to give certified and classified employees raises of 3% in 2005-06.

Equalized Growth Nickel – The Enacted Budget provides \$8.6 million in 2004-05 and \$13 million in 2005-06 to fully fund existing equalized growth nickels.

The salary supplements for Nationally Certified Teachers (\$2,000 annually for ten years upon successful completion) are fully funded.

Local districts are provided the flexibility to use capital outlay funds for maintenance expenditures and purchase of property insurance upon approval of the Commissioner of Education. The commissioner will approve these expenditures for districts with 2003-04 General Fund balances less than 15% of General Fund expenditures.

New SEEK Programs:

Retroactive Equalized Facility Funding – Funding is provided for equalization of the equivalent of a nickel for facilities for districts that levied a tax rate subject to recall in fiscal year 2003-04. Six districts are eligible for this program.

Equalized Facility Funding – Funding is provided for equalization for districts that have levied at least a ten-cent equivalent tax rate for building purposes or have debt service of at least a ten-cent equivalent tax rate as of February 24, 2005. The district cannot be receiving equalization of the growth nickel or equalization through the Retroactive Equalized Facility Funding program. Twelve districts are eligible.

CATEGORICAL PROGRAMS:

The Enacted Budget increases above the current year spending plan and '04 Special Session House Bill 1 in FY 06 the following programs:

- Extended School Services;
- Professional development;
- Safe Schools;
- Family Resource and Youth Service Centers;
- Community Education;
- Elementary Arts and Humanities;

- Read to Achieve;
- Health Insurance;
- Middle School Academic Achievement Center;
- Teachers Professional Growth and Leadership Mentor Fund;
- State Agency Children Fund;
- Teacher Recruitment and Retention;
- Locally-Operated Vocational Schools; and
- Writing Program

The Math Achievement and Professional Growth Fund, a new program, is appropriated \$3.9 million.

Technology is decreased \$500,000.

\$250,000 is appropriated to support Save the Children's Rural Literacy Program. These funds are to be transferred from the Kentucky Department of Education to the Health and Family Services Cabinet and utilized by the Save the Children organization to design, implement, monitor, and evaluate integrated in-school, afterschool, and summer school literacy programs that include a Web-based data-collection system in rural southeastern Kentucky.

TAX PROVISIONS:

All districts may levy a 4% rate.

All districts may levy a recallable nickel if they have not already done so.

Growth districts may levy an additional nickel without recall if they have not already done so.

A district that is "Hold Harmless" in the fiscal year 2005-2006 Support Education Excellence in Kentucky tentative calculation is not required to levy a lower property tax rate in fiscal year 2005-2006 than the property tax rate levied in fiscal year 2004-2005.

Districts meeting growth requirements in 2004-05 may levy a second growth nickel without recall if they have not already done so. New levies will result in a pro rata distribution of the equalization appropriation.

SCHOOL FACILITIES CONSTRUCTION COMMISSION:

SFCC is provided authorization to make additional offers of assistance of \$100 million during the 2004-06 biennium in anticipation of debt service availability in the 2006-08 biennium. Debt service for 2001 and 2003 offers of assistance is provided.

Sixteen new projects are funded under the Urgent Needs School Trust Fund. The Enacted Budget declares this program shall cease to exist June 30, 2006.

SPECIAL PROVISIONS

Requirements for school district publication of Annual Financial Statements and summary school report cards are made more flexible by allowing publishing of the documents in the newspaper of the largest general circulation in the county, electronically on the Internet or by printed copy at a prearranged site at the main branch of the public library within the school district.

The state allocation for five programs (Professional Development, Extended School Services, Preschool, Textbooks, and Safe Schools) are modified to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population.

Up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2004-2005 may be carried forward to fiscal year 2005-2006. Any state grant fund for the Read to Achieve Program in fiscal year 2004-2005 may be carried forward to fiscal year 2005-2006.

The Commissioner of Education is authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind.

The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs.

If the Department of Education sells property at KSB or KSD, the proceeds return to the schools.

STUDIES

School District Efficiency and Effectiveness Review: The Office of Education Accountability is directed to conduct an inventory and assessment of indicators that may be used to analyze financial, academic, and demographic data in order to evaluate school performance. The inventory and assessment shall be under the direction of the Education Assessment and Accountability Review Subcommittee pursuant to KRS 7.410. With approval of the Subcommittee and the Legislative Research Commission, funds may be used to contract for special expertise in the area of financial or performance reviews.

School Facility Construction Commission (SFCC) Review: The General Assembly understands that, since its inception in 1986, the SFCC has provided a necessary and valuable service to the Commonwealth and more importantly to the facility needs of every local school district. The General Assembly looks forward to continuing to assist the SFCC now and in the future as it continues to serve students, teachers, and school administrators across the Commonwealth. To that end, the Office of Education Accountability is directed to conduct a review of the SFCC's ability to provide local school districts with necessary debt service assistance to maintain a facility program that will be conducive to a positive learning

environment.

The review shall include, at a minimum, but is not limited to: (a) How the SFCC's offers of assistance impact the facility issues facing "Growth Districts" as defined in KRS 157.621; and (b) How the SFCC's offers of assistance impact local school districts who have facilities identified as "Category 5" (poorest condition). The review shall be under the direction of the Education Assessment and Accountability Subcommittee pursuant to KRS 7.410. With approval of the Subcommittee and the Legislative Research Commission, funds may be used to contract for special expertise in the area of funding school construction.